

THE MALL:

Retail's Comeback Kid

Mall Memories

Nostalgia, Near Collapse, and New Beginnings.

Once upon a time, a trip to the mall was all about the shopping. Picture it: it's the 1950s, and Southdale Center in Minnesota is making waves as the first enclosed mall in the U.S. Back then, the mall was a marvel—70 stores under one roof, with Macy's and JCPenney as anchor stores. Fast forward through the decades, and malls became more than just shopping centers; they transformed into cultural and social hubs. They were where you went to see the latest blockbuster, grab a slice in the food court, and pick up that studded Avril Lavigne belt from Hot Topic (we know, we were there too).

But in the early 2000s, malls started feeling the pressure. E-commerce giants like Amazon took off, and suddenly, word on the street was "brick-and-mortar is dead." Headlines of a retail apocalypse filled the news as anchor stores shuttered, and consumers clicked "Add to Cart" from their couches. It seemed like the mall era was over.

Then, 2020 hit, and the world experienced what happens when in-store shopping is taken away entirely. This was the ultimate test of retail's resilience. Specialty Retailers—many of you reading this—took to social media, launched same-day delivery, and pioneered new "ship-from-store" strategies that didn't exist before. With creativity and a clear commitment to customers, physical retail persevered.

Fast forward, and now it's 2024 and we see the emergence of the lifestyle center. This new kind of mall is thriving in unexpected new ways, blending retail with demand, fitness, and unique social spaces.

Connection to Drive Conversion

Lifestyle centers like The Domain in Austin and The Grove in L.A. are booming, and it's easy to see why. Consumers today crave something more than just a transaction; they're after experiences that resonate. This shift is redefining what physical retail can be—a brand-led experience that connects deeply with customers and creates lasting loyalty. These centers are thriving with a unique combination of frequent visits and high levels of engagement as shoppers return regularly to enjoy social activities, unique dining options, and community events. While individual purchases may be smaller at lifestyle centers, these high-frequency visits often translate into higher lifetime customer value. These store models also boost engagement across social media building brand awareness and loyalty overall.

One thing we do know: physical shopping is back and the in-store experience is more important than ever.



A Tale of Three Malls

Today's retail landscape is a blend of three main formats: traditional malls, outlet centers, and lifestyle centers. Each offer unique opportunities and challenges.



Traditional Malls:

Focused on convenience and variety, traditional malls are built to draw customers in for day-long shopping experiences, special events, and a bit of everything in one place. With food courts, anchor stores, and entertainment options, they appeal to a broad audience. These malls have seen stable growth, with a 7%* increase in sales per square foot, now averaging \$750. While facing competition from online and experiential retail, traditional malls maintain steady foot traffic and remain popular destinations, though conversion has seen a slight dip (-0.28%).



Outlet Malls:

Attracting price-sensitive shoppers on the hunt for discounts on premium brands, outlet centers offer open-air layouts that cater to consumers willing to travel for bargains. With an 11% rise in sales per square foot (now at \$500) and a 2.01% increase in average transaction value, outlets highlight the draw of value shopping. However, traffic has decreased by 1%, as outlets tend to rely heavily on major sales events, which can make foot traffic fluctuate.



Lifestyle Centers

Blending retail, dining, wellness, and community spaces, lifestyle centers cater to experience-driven shoppers who value social engagement as much as retail options. These open-air, mixed-use centers have seen a 7.28% increase in foot traffic and an impressive conversion rate of 22.55%—the highest among formats. With sales per square foot up by 8% (reaching \$650), lifestyle centers are capturing the growing demand for environments where shopping meets social connection. While average transaction values dipped slightly, the consistent, high-frequency visits support greater long-term customer value and brand loyalty.

One Size Doesn't Fit All

As Retailers, we know that no two stores are alike. These three mall formats—traditional, outlet, and lifestyle—differ significantly from one another. Store size, foot traffic, sales per square foot, and customer demographics all vary from store to store, and mall format to mall format.

For example, lifestyle centers saw a notable increase in traffic (+7%) alongside a significant drop in Traffic Per Labor Hour (TPLH, -4), while traditional malls and outlet centers stayed steady in both traffic and TPLH. These metrics highlight that each of these mall formats demand a tailored labor planning approach optimized for its unique traffic patterns. And getting more granular, each store within each mall format should be treated individually with strategies that align with its specific customer and traffic patterns. A blanket strategy risks misaligned labor, unbalanced workloads, and a poor customer experience, which ultimately impacts sales.

* All figures based on ICSC Data YoY 2022 - 2023

Enter StoreForce

To stay competitive, retailers need to approach each mall format with a tailored strategy. This is where StoreForce comes in, offering Specialty Retailers the tools to fine-tune operations across all mall formats, and across stores within these mall formats. StoreForce allows Retailers to plan their labor budget according to the unique traffic, POS, and customer patterns of each store. When you plan your labor budget based on data it means you can split your sell and non-sell hours, ensure you have your peak times covered with the right people on the floor at the right time, and that your sales targets are being built throughout the day to keep each store on track. StoreForce ensures each store in your fleet reaches it's full potential every day – no matter what type of store it is.

Physical stores are thriving like never before. Sure, COVID-19 threw us a curveball, but it only strengthened the resilience and creativity of Retailers everywhere. The mall is the comeback kid in retail, and the comeback is strong! Today, U.S. shopping center occupancy is at an all-time high of 95%, proving that brick-and-mortar is flourishing. Lifestyle centers, in particular, are a testament to the power of in-person experiences, combining retail with community and culture to meet customers where they are. With every foot that crosses the lease line, physical retail is proving that it's here to stay.

Ready to see how data-driven strategies can drive results at a store level? Reach out to speak to one of our retail experts today.